

**STATEMENT OF  
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OF THE  
DISABLED AMERICAN VETERANS  
BEFORE THE  
COMMITTEE ON VETERANS' AFFAIRS  
SUBCOMMITTEE ON HEALTH  
UNITED STATES HOUSE OF REPRESENTATIVES  
JUNE 24, 2004**

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to present the views of the Disabled American Veterans (DAV) and its Auxiliary, on the Department of Veterans Affairs Real Property and Facilities Management Improvement Act of 2004—draft legislation to authorize numerous capital leases, changes to the enhanced use lease authority, and other capital asset and construction proposals.

As an organization of more than one million service-connected disabled veterans, DAV has a vested interest in Department of Veterans Affairs (VA) plans to restructure its health care system under its Capital Asset Realignment for Enhanced Services (CARES) initiative. According to VA, the goal of CARES is to enhance access to health care services for our nation's veterans, while ensuring the integrity of its health care system. One of the most important VA benefits for service-connected veterans is health care. Access to high quality, timely health care services is essential for many DAV members, especially those who have suffered severe or catastrophic disabilities as a result of their military service. Therefore, preservation of the integrity of the VA health care system and its specialized programs is of the utmost importance to the DAV and our members.

It has been said that CARES is the most comprehensive assessment ever undertaken by VA to determine the capital infrastructure needed to provide modern health care to veterans now and in the future. We agree that the CARES process is extremely important as it will impact the system and the delivery of health care services to veterans for decades. Like veterans of previous wars, many of the men and women serving today in our Armed Forces in Iraq, Afghanistan, and other trouble spots around the world, will need and depend on the VA health care system for years to come. It is our obligation to ensure they have access to a strong and viable health care system, dedicated specifically to their health care needs.

Section 2 of the proposed draft legislation authorizes the Secretary of Veterans Affairs to enter into capital leases for 17 facilities with the authorization to appropriate funds in the amount of \$27,020,000 for such leases. It also authorizes the Secretary to enter into a lease for real property located at the Fitzsimons Campus of the University of Colorado for a period up to 75 years. DAV Resolution No. 099 supports additional and separate funding for the building or leasing of VA Community-Based Outpatient Clinics.

Section 3 of the proposed measure would establish in the Treasury of the United States, a revolving fund known as the Veterans Affairs Capital Asset Fund (Fund), with any amounts in the Fund remaining there until expended. The measure would terminate the current Nursing Home Revolving Fund and transfer any unobligated balances from that fund to the newly established Capital Asset Fund as well as authorize \$10 million to be appropriated for such Fund.

This section of the bill also includes authority for transfer of real property to other Federal, State, public and private entities if the Secretary receives not less than fair market value for such property with the exception of transfers to a grant and per diem provider. VA would be required, with respect to the transfer of any real property, to provide proper notification of the proposed sale, hold a public hearing, wait a specified period of time prior to actual sale, and notify the Congressional Veterans' Affairs Committees of the intent to dispose of the property.

DAV fully supports this provision that would allow for funds derived from lease or sale of VA property to be reinvested for the improvement of other VA health care facilities. While the bill seeks to streamline the divestiture process, it does not specify how the funds collected from sale or enhanced use lease of property can be used. Congress must ensure the funds received from sale of properties are used only for their intended purpose, specifically infrastructure reinvestment. Additionally, continued oversight and proper notification of intent to sell is necessary to ensure VA receives fair market value of properties it intends to divest or lease. One major concern we have is that the Office of Management and Budget and the Budget and Appropriations Committees will propose that the funds received from the sale of VA properties be offset in the annual appropriation VA receives. We believe for CARES to be successful VA must be able to retain any funds from the sale of properties to pay for necessary infrastructure improvements. Likewise, VA should continue to receive funds for major and minor construction as well as spending for non-recurring maintenance to compensate for the years of neglect of VA infrastructure needs.

We are pleased the proposed legislation includes provisions that would allow funds to be used for preservation of historic properties. The protection and preservation of VA's historic structures is an important responsibility that the Department has ignored for far too long. *The Independent Budget* for Fiscal Year 2005 (IB), co-authored by American Veterans (AMVETS), DAV, Paralyzed Veterans of America, and the Veterans of Foreign Wars of the United States, recommends \$25 million be appropriated to stabilize, preserve, and protect VA's historic structures. We encourage VA to consider a wide range of partnerships to accomplish these objectives, including partnering with other Federal agencies, nonprofit organizations, and the private sector. We support a comprehensive national program for VA to inventory its historic structures, and to establish broad classifications regarding their current physical condition and their potential for adaptive reuse. This bill would allow VA to use its Capital Asset Fund to complete renovation projects on historic structures so they can become assets rather than liabilities. We recommend the Subcommittee amend the legislation to strengthen the provision on historic preservation, making it more of a priority goal of enhanced use leasing authority.

Lastly, Section 3 contains provisions that would require VA to provide Congress with a plan and certification every six months of its compliance or non-compliance with the provisions

described under section 1710B of title 38, United States Code, concerning staffing and capacity levels for extended care services

DAV Resolution No. 096 supports legislation to establish a comprehensive program of extended care services for veterans in need of such care for a service-connected disability, and to any veteran who is in need of such care for any condition who has a service-connected disability rated at 50 percent or more. Maintaining proper staffing levels and capacity to care for veterans in need of long-term care services is essential given the record number of veterans age 85 and older in need of these specialized services. This provision will clarify VA's commitment to meeting the increased demand for post-acute and long-term care services.

Section 4 of the proposed measure would provide authority to use funds to construct or relocate surface parking incidental to a construction or non-recurring maintenance project. Although we have no resolution in support of this provision, we do not object to its consideration. Section 5 of the proposed measure would allow VA to proceed and provide necessary funding for an approved major medical facility project that has been authorized. Section 6 is a technical amendment that would improve VA's enhanced use lease authority by including language for land use under the current authority. Section 7 provides extension of the authority to continue to provide care and services to a veteran who is receiving care under an established VA long-term care pilot project. Although we have no specific resolution in support of the above four sections of the bill we do not have any objection to their favorable consideration.

The Department of Veterans Affairs Real Property and Facilities Management Improvement Act of 2004 would improve VA's authority to dispose of real property and streamline its Enhanced Use Lease program. The provisions contained within the proposed bill seek to address and improve the often cumbersome and time consuming process of selling, leasing, building, and improving VA health care facility structures. Ultimately, the goal of enhanced health care services for our nation's sick and disabled veterans and proper stewardship of the VA health care system is our main concern on behalf of the nation's 2.6 million disabled veterans. Therefore, we are able to support many of the provisions contained in the draft legislation.

In closing, DAV is looking to CARES to improve the infrastructure for the VA health care system so that it can best meet the needs of sick and disabled veterans now and into the future. As VA embarks upon this period of realignment and restructuring through the CARES process, the Administration, VA, and Congress must collectively work together to provide the resources necessary to see these improvements are realized. Likewise, we must remain vigilant to ensure the value of VA's physical assets are not wasted. Long term planning and oversight is essential as we enter this critical implementation phase. Proper maintenance and upgrades of many VA facilities are long overdue and it is strongly recommended these matters be addressed expeditiously. Finally, oversight by Congress, veterans, veteran service organizations and other interested parties will be essential to the success of CARES.

Again, we thank the Subcommittee for holding this hearing today and providing DAV the opportunity to express our views on this important issue.